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ABSTRACT

This study compares the present method of financing Illinois public schools for the school year 1973-74 with six alternative financing models developed by the National Educational Finance Project (NEFP). The NEFP models were as follows: complete local support, flat grant with local leeway limit of 12 mills of equalized assessed valuation, equalization with 5 mills of equalized assessed valuation required local effort, equalization with 10 mills of equalized assessed valuation required local effort and 2 mills local leeway, complete state support, and incentive grant or percentage equalization. It can be concluded that the results of this study agree with the major conclusions of the NEFP in the importance of reducing the role of the local property tax. The role of the property tax is excessive when one is concerned about the wide range in available revenue per student in the state. Replacing the local property tax with another local tax would appear to do little insofar as equalizing available revenue is concerned. State revenues need to be significantly increased if a reduction in the impact of local assessed valuation is to be attained. (Author/IRT)

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A COMPARISON OF FINANCING ILLINOIS UNIT SCHOOL DISTRICTS FOR THE SCHOOL YEAR 1974-75 WITH THE ALTERNATIVE FINANCING MODELS DEVELOPED BY THE NATIONAL EDUCATIONAL FINANCE PROJECT

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by

Dennis R. Conti

EA 010 653

A thesis submitted in partial fulfillment of the requirements
for the degree of Educational Specialist in the
College of Education in the School
of Graduate Studies of Western
Illinois University

May 1978

ABSTRACT

School board members, state and local legislatures, and property taxpayers are becoming acutely aware of the rising cost of education. Money for the financing of schools is derived from state, local and federal sources. Of these three sources, the local property tax has had a history of financing the major portion of school cost.

Local property tax in Illinois constituted 68.89 percent of total school revenue in the 1966-1967 school year, and 59.39 percent in the 1973-1974 school year. These data indicate a decline in the percentage of local tax revenue receipts for school districts, but fail to expose the financial inequities among school districts in their effort to meet increasing costs. In 1966, the total receipts from state, local and federal sources of funds for the common schools in Illinois was $1,472,100,000, and in 1974, the receipts increased to $3,666,800,000 or 149 percent.

This means that the percentage of education costs paid by the state, and the total cost of education has increased. In Illinois the local property tax is used to finance education. Thus, local taxpayers are paying more to fund local public education even though their percentage of payment for total cost is decreasing.

The ability of a community to support its public education depends on the amount of taxable property in the school district and the degree the community is willing to tax itself. Disparities lie between two types of communities. One type has much taxable property

and a low tax rate, but has a high cost per student. The other has less taxable property and higher rates, but a lower cost per student. Poorer communities find themselves wanting to increase their financial support of local schools, but fall short of having the ability to do so. The purpose of this study was to pursue and develop alternative financing plans which would equalize per pupil revenue in all Illinois unit school districts.

The six financing plans applied in this study were outcomes of the National Educational Finance Project (NEFP). The NEFP was initiated by the United States Office of Education and was an ambitious four-year undertaking by many experts in the field of economics and school finance, located in twenty universities throughout the United States.

Each of the six NEFP alternative financing models was applied to the thirty-one Illinois sample school districts for the 1974-1975 school year. There are six tables of data denoting the application of the six NEFP Models to each sample school district.

A major finding of this study was that there are more equitable means of financing education in the State of Illinois than existed in 1974-1975.

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A COMPARISON OF FINANCING ILLINOIS UNIT SCHOOL DISTRICTS FOR THE SCHOOL YEAR 1974-75 WITH THE ALTERNATIVE FINANCING MODELS DEVELOPED BY THE NATIONAL EDUCATIONAL FINANCE PROJECT

by

Dennis R. Conti

An abstract of a thesis submitted in partial fulfillment of the requirements for the degree of Educational Specialist in the College of Education in the School of Graduate Studies of Western Illinois University

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Chapter 1

INTRODUCTION

Although the United States Supreme Court has never directly declared public education a function of the state, they have, however, declared that schools must be operated in conformity with the Fourteenth Amendment of the United States Constitution as it applies to state action in the context of racial equality. State courts, on the other hand, have had a great deal to say concerning the focus of responsibility for public education.

Edwards, after analyzing the cases bearing on the subject, concluded that, "in legal theory the public school is a state institution." (Edwards, 1955, p. 23)

Most states may have accepted the idea that they are responsible for public education, but, in general, they have not accepted a greater responsibility in the financing of public schools. The Illinois Board of Education, in Circular Series A, Number 349, reports the following as the state percentage of total school revenue from 1966 to 1974:

1966-67 - 25.04%
1967-68 - 27.13
1968-69 - 27.94
1969-70 - 30.74
1970-71 - 39.61
1971-72 - 37.42
1972-73 - 36.72
1973-74 - 38.10

If the responsibility to perpetuate and foster the institution of public education lies with the state, then a greater or total financial burden for public education should also be the responsibility of the state.

This study compares the present method of financing of Illinois public schools for the school year 1973-1974 with six alternative financing models developed by the National Educational Finance Project. Each of the first five NEFP models redistributes the same amount of money ($53,724,219) among the sample districts. The difference in this study is the reallocation of the same sum of money utilizing six different approaches to financing each of the sample districts. The total amount of state and local revenue for the thirty-one unit school districts is the same, only the state allocation to each district and local tax revenue differs. The means of allocating state funds and limitations of local tax rates were specified in the NEFP models.

This thesis includes the following data of each sample school district:

1. Assessed Valuation
2. Best 6-Month Average Daily Attendance
3. General State Aid (State Revenue) Common School Fund
4. Local Tax Rates
5. Equalized Assessed Valuation per Average Daily Attendance
6. Local Revenue
7. Local Revenue per Average Daily Attendance

This study replicates a similar study by Dr. Ellis Simler completed in 1973 where the financing of Iowa Public Schools was

compared with alternative financing models of the NEFP. Differences in this study are:

1. The sample was limited to Illinois school districts K-12;
2. Use of only unit school districts as its sample rather than high school or elementary school districts; and
3. The use of mills for tax rates is not used in the state of Illinois, therefore, millage tax rates were converted to dollars per $100 of equalized assessed valuation.

STATEMENT OF THE PROBLEM

The purpose of this study was to compare available revenue per pupil in Illinois for the 1975 fiscal year with that available for alternate financing models developed by the National Educational Finance Project. Available per-pupil revenue includes local revenue derived from property taxation and revenue derived from the state's common school fund.

According to the 1974-1975 Illinois Office of Education's Circular Series A for State, Local and Federal Financing for Illinois Public Schools, in the school year 1973-1974, local taxes constituted 56.39 percent of total revenue for schools. Nationally, in the 1975-1976 school year, local communities supplied 54 percent of local school district revenue.

Over 56 percent of revenue for public school districts in Illinois has been raised locally through the use of a property tax. Each board of education decides upon a dollar amount required to meet

its financial obligations for the forthcoming school year. This resolution by the school board is then communicated to the county clerk. The county clerk, in turn, through a process of extension, converts that given dollar amount into a tax rate. This is done by dividing the equalized assessed valuation by 100 and taking that quotient and dividing it into the tax levy filed by the local school district. The result is a tax rate in the amount of dollars and cents. Applying this tax rate against the equalized assessed valuation produces local property tax revenue.

Wealthier school districts with a greater tax base are able to enjoy a high cost expenditure per pupil with a relatively low tax rate, while poorer school districts have a low cost expenditure per pupil while making a greater local effort to finance their schools. These poorer school districts may be willing to increase their local efforts but do not possess the financing ability to do so.

State funds derived from new or increased state taxes could replace or reduce the local property tax; this could equalize available revenue per pupil. This reduction or replacement source of funding could be used for public schools in lieu of the local property tax.

There are two methods of reducing the role wealth plays in local school districts. First, the most obvious method of reducing the effect of local property tax revenue in local school districts requires a significant amount of state revenue allocated to these districts. The greater the contribution of the state, the lesser the need to raise taxes on the local level. Secondly, additional state revenues, together with a reduction of local property taxes, would diminish the present effect of per capita wealth within a school district.

Reducing the effect of the local school district wealth raises several questions:

1. What amount of dollars should be levied to minimize the effect of local school districts wealth, while maximizing the local effort?

2. What level of available dollars needs to be established throughout the state to provide adequate educational facilities, programs, and equipment for local school districts?

3. Should local school districts be permitted to exceed the established state foundation level, and how many dollars in tax rate should be permitted for this?

4. What are other combinations of local and state funds which could contribute the most in reducing the impact of local school district wealth?

The application of collected data in this study as applied to the six NEFP models was intended to give insight into alternative means of financing public schools in Illinois in hopes of diminishing local effect of per capita wealth in financing education in Illinois.

NEED FOR THE STUDY

School board members, legislatures, and taxpayers have become increasingly aware of the acute problem in financing public schools. Court cases concerning equality of education among school districts (if not, in fact, among states) have brought a national benign problem to focus. Presently many school districts are failing miserably and repeatedly in attempting to pass a bond or tax referendum in their communities.

The question arises, "Could part of these two problems stem from the methods of financing our public schools?" Since the local property tax still constitutes the majority of income supporting schools, it naturally follows that the crux of the problem and beginning of the solution lies there. There is a need to improve this progressively worsening situation and to remediate the present system of taxing and inequality of educational opportunity. This study explored such alternatives.

DELIMITATIONS

This thesis incorporates data from the most recent available Illinois Office of Education's financial reports concerning public schools from the 1974-1975 school year. Only the state of Illinois and its 442 unit school districts were used within this study, thus excluding elementary, secondary, or dual school districts within the state. Other state funds (categorical revenue), federal revenue and federal revenue per-average-daily-attendance were reported for information purposes only.

National Educational Finance Project models used in this study were originally developed applying mills for tax rates. Since Illinois tax rates are expressed in dollars per $100 of equalized assessed valuation, mills were converted to dollars per $100 of equalized assessed valuation.

In calculating each sample district's tax rate, only those rates which contributed to operational costs of the school district were included. The bond and interest fund (debt reduction), rent fund and capital construction tax rates were excluded.

DEFINITION OF TERMS

The following terms are defined to give a more complete understanding of key words and/or phrases within this thesis.

Average Daily Attendance

Average daily attendance is the aggregate number of pupil days in attendance divided by the number of days in the school session. A pupil who attends school for five or more clock hours while school is in session constitutes one pupil day of attendance. The computation period for the average daily attendance used to determine General State Aid is the six months with the highest average daily attendance. The determination for per-capita tuition charge is based on the entire regular session. For purposes of certain funding formulas, specified classes of pupils receive an additional fractional weighting, providing a weighted average daily attendance.

Categorical Aid

Categorical aid is that amount of federal or state aid for specific purposes.

Common School

Common school is a term used interchangeably with "local education agency," "school district," and "public school."

Common School Fund

Common school fund is a fund appropriated by the General Assembly, including General State Aid for the Common Schools of Illinois.

Equalization

Equalization is generally associated with a state-funding program designed to equalize revenue among school districts.

Equalized Assessed Valuation

Equalized assessed valuation is the total value of the real property and corporate personal property of a district determined by assessment and application of multipliers, which are calculated and assigned by the county board of review and the Illinois Department of Local Government Affairs. Theoretically, this system equalizes property assessments among counties throughout the State.

Extension

Extension is the process by which the county clerk converts the tax levy to a tax rate.

Leeway Revenue

Leeway revenue is that amount of revenue above the qualifying tax rate revenue and below the maximum tax rate revenue.

Local Effort

Local effort is the frequency and degree local taxpayers are willing to tax themselves through referendum.

Mill

Mill is equal to one-tenth of one cent, and tax rates are expressed as mills in some states other than Illinois.

Multiplier

Multiplier is a percentage applied by the state against the assessed valuation of a county in order to attain a given percentage of market value.

Per-Capita Revenue

Per-capita revenue is synonymous with per-pupil revenue.

Per-Pupil Assessed Valuation

Per-pupil assessed valuation is the assessed valuation divided by the number of students in average-daily-attendance within a given school district.

Per-Pupil Revenue

Per-pupil revenue is the total monetary receipts generated by property tax and state aid, divided by the number of students in average-daily-attendance.

Poor School District

Poor school district is a school district with an equalized assessed valuation per average-daily-attendance below $19,105.30.

Qualifying Tax Rate

Qualifying tax rate is the statutory minimum tax rate that a school district must have extended to qualify in full for special equalization aid in the state foundation program. The qualifying tax rate referred to in the transportation reimbursement formula is for computation purposes only; however, a district to be eligible for 100 percent reimbursement in excess of four-fifths of the allowable costs, must have a minimum seven-cents tax levy.

Revenue

Revenue is that amount of money a school district receives from the federal and state governments, and income from the local tax levy.

Fiscal School Year

Fiscal school year begins on July 1, and ends on June 30.

State Aid

State aid is that amount of money appropriated by the State General Assembly to local school districts from the Common School Fund.

Tax Base

Tax base is that amount equal to the value of taxable property or equalized assessed valuation.

Tax Levy

Tax levy is the dollar amount required by a school district to meet its financial needs for the forthcoming school year which is filed in resolution form with the County Clerk.

Tax Rate

Tax rate is an amount in dollars and cents per $100 of equalized assessed valuation applied against a tax base. This is computed by dividing the equalized assessed valuation by 100, and dividing that quotient into the tax levy.

Tax Rate Limit

Tax rate limit is the maximum tax rate that the County Clerk may extend. The General Assembly establishes maximum tax rates without

referendum, but districts may increase tax rates, within limits, subject to voter approval. A limited number of levies are allowable without a tax rate limit.

Unit School District

Unit school district is a school district that encompasses all grade levels, Pre-K to 12. It is a term used interchangeably with a 12-grade district or unit district.

Wealthy School District

Wealthy school district is a school district with an equalized assessed valuation per average-daily-attendance above $32,851.37.

Chapter 2

REVIEW OF LITERATURE

This chapter presents a resumé of related research and professional literature which establishes a basis for a greater understanding of the past history and litigations concerning the financing of public schools.

LITIGATION CONCERNING THE FINANCING OF PUBLIC SCHOOLS

> When the committees contemplate their own condition, and that of the general mass of their fellow laborers; when they look around on the glaring inequality of society, they are constrained to believe, that, until the means of equal instruction shall be equally secured to all, liberty is but an unmeaning word, and equality an empty shadow, whose substance to be realized must first be planted by an equal education and proper training in the minds, in the habits, and in the feeling of the community.
>
> --An association of committees of workingmen in Philadelphia, 1830

The Supreme Court of the United States, in 1954, in the Brown v. Board of Education of Topeka opinion, and the Supreme Court of California in the Serrano v. Priest opinion in 1971 expressed a similar opinion. It seems strange that it took the nation a century and a quarter to accept the political and educational philosophy clearly stated by a relatively uneducated group of Philadelphia labor leaders in 1830. (Johns, 1972, p. 13)

As a 1972 Horace Mann Lecturer, Roe L. Johns, in his lecture, "Full State Funding of Education, Evolution and Implications," stated

that court decisions during the past century and a half reveal quite a change in the values of people. The courts have evolved from a determination of the rights of adults to a determination of the rights of pupils.

The Supreme Court of the United States held in Shaffer v. Carter that,

> unless restrained by provisions of the Federal Constitution, the power to the state as to the mode, form and extent of taxation is unlimited, where the subjects to which it applies are within her jurisdiction.

Under the Tenth Amendment to the United States Constitution, public education is clearly within the jurisdiction of the states. During the nineteenth century, superior state courts held that legislatures legally could expend state revenues for schools, and also require or authorize local units of government to levy taxes for schools. (Johns, 1972, p. 32)

In Kalamazoo, Michigan, in 1874, the state supreme court ruled that it was legal for a school district to expend tax revenue for the support of a high school.

In an Indiana case, in 1885, Robinson v. Schenck, it was ruled that the legislature could legally levy a statewide tax to aid all of the schools of the state.

In all of these cases the courts did not seem to be concerned with rights of children to "equal opportunities" in education, but rather with the legality of levying taxes for schools.

There has been a change in court rulings concerning education. Alexander and Jordan (Financing Education - Fiscal and Legal Alternatives, 1972, p. 470), after making an extensive study on the matter reported:

> Recent court decisions holding state school aid formulas unconstitutional as violative of the equal protection clause of the Fourteenth Amendment, represent an evolutionary step in the courts' expansion of constitutional protections of civil rights. These decisions represent a major extension of judicial precedent in the area of students' civil rights. During the past few years the constitutional rights of students have been continually expanded, placing new limitations and restrictions on the police power of the state to regulate and control education. Courts once obliquely maintained that education was a privilege bestowed upon the individual by the good will of the state, and that it could be altered or even taken away at state discretion. Today, however, this judicial attitude has changed to the concept that the student now possesses a constitutional right to an education.

The California Supreme Court in Serrano v. Priest (1971) was a case where the court maintained that the educational opportunity of a student should not depend on the fiscal ability of the district in which he lives. The court concluded that the school financing system for the state was in violation of the Fourteenth Amendment's equal protection clause. In studying the financial system of supporting public education, the court found it necessary to determine whether

> education is a fundamental interest protected by the constitution, wealth is a 'suspect classification,' and if the state has a compelling interest in creating a system of school finance which makes a child's education dependent on the wealth of his local school district. (Alexander and Jordan, 1972, p. 494)

The state's present system of financing the operation of schools discriminated against the poor which denied poor school districts allocations of public educational resources equal to those in school districts which were wealthier. (N.A.S.S.P., 1972, p. 3)

The California Supreme Court concluded that education is a fundamental interest protected by the Constitution of the United States, that wealth is a "suspect classification," and the state has no compelling interest in making the child's education dependent upon the wealth of his local school district. The court then ruled that the

California system of financing violated the equal protection clause of the Fourteenth Amendment because it made a child's education substantially dependent upon the wealth of the district in which he lived.

In the Rodriquez v. San Antonio Independent School District Decision of 1971, the United States District Court of Texas ruled that the current method of financing education in Texas deprived students of equal protection of the laws under the Fourteenth Amendment to the United States Constitution. Again, this is another case where some school districts have a higher per capita wealth, and others a low per capita wealth. Property tax in the more affluent districts had a far lower tax rate, and realized a far greater yield of dollars per-pupil than in the less affluent school districts where their tax rate was much higher but revenue per pupil was low.

Out of the Rodriquez case came a court edict to the Texas Legislature:

> Determine what new form of financing should be utilized to support public education. The selection may be made from a wide variety of financing plans so long as the program adopted does not make the quality of public education a function of wealth other than the wealth of the state as a whole.

The outcome of this court case was that the United States Supreme Court refused the plantiff's claim that the equal protection clause of the Fourteenth Amendment demands educational expenditure be made solely on the basis of the pupil's need. The courts refused to define educational need because it would involve endless research and evaluation for which the judiciary was ill suited.

The Western District of the Texas U.S. Court differed from the Serrano decision. The Texas court invited appeal on the grounds that

school district lines had been drawn because of wealth.

The Rodriquez case was appealed because the plaintiffs contended that the school district's boundary lines were not originally drawn to discriminate against the poor, but discrimination resulted because of other factors not pertinent to this case. The plaintiffs failed in their appeal.

Similar rulings to those in the Serrano and Rodriquez cases were made in Minnesota in VanDusartz v. Hatfield in 1971, and in New Jersey in Robinson v. Cahill in 1972. (Alexander and Jordan, 1972)

Another wave of court cases are particularly important because they may be indicative of trends in future court decisions.

In McInnis v. Shapiro, the Illinois Supreme Court in 1968 held that the Illinois system of school financing was not unconstitutional because there were no "discoverable and manageable" standards by which a court can determine when the Constitution is satisfied and when it is violated. The "discoverable and manageable" standards referred to measures of educational need.

In this case it was alleged that the educational need of children differ, and that educational opportunities cannot be equalized without recognizing their variations. It is also argued that school districts vary in their percentage of cost per pupil; and, although a child's education should not depend on the wealth of the district in which he lives, it requires unequal expenditures per pupil in order to equalize educational opportunity. The court opinionated that education may not be a function of wealth.

In a New Jersey case, Robinson v. Cahill, the court took a different view with respect to reorganizing variations among districts

in educational need. It quoted with approval a New Jersey report which stated:

> It is now recognized that children in lower socio-economic level homes require more educational attention if they are to progress normally through school. When the additional compensatory education is provided, it results in substantially higher costs. The weighting of children from the lower income families compensated in part for the larger expenditure necessary to provide them with an adequate educational program so they may overcome their lack of education background. (Alexander and Jordan, 1972, p. 498)

THE PRESENT SYSTEM

The major cause of the variation in revenue of a school district lies in the manner in which money for education is raised. One of the primary sources of revenue for education is the local community, and local communities rely almost exclusively on the property tax.

A school district's per-pupil wealth is determined by dividing the community's equalized assessed valuation of property by the school district's average daily attendance. A wealthy school district is one which has a greater ratio of equalized assessed valuation to students. This means greater amounts of money can be spent on each student's education. A school district with more money to spend on the education of each child can offer more varied and diverse courses and programs, hire more qualified and experienced staff, and include more supportive services.

A school district where the ratio of students to equalized assessed valuation is greater is said to be poorer. This means the cost of educating each student is lower, and general educational improvement cannot be afforded. The system of school financing denies students in poorer school districts equal protection under the law by making the

quality of the student's education a function of the wealth of his parents and neighbors.

The local share of the educational bill is paid primarily from the taxation of real property located within the school district. Hence, the power of some districts to include many taxable estated or large industrial holdings within their boundaries, and exclude high density residential areas, allows them to provide expensive educational programs at extremely low tax rates. The opposite, of course, is that the poorer districts with highly densified residential areas and few or no estated or industrial holdings must levy taxes at higher rates in order to finance even a minimum program. Thus, apart from the local effort or the level of aspiration a community might prefer to spend to finance education in their area, the amount it can spend is largely dependent upon the local tax base.

When an extensive range of assessed valuation per student exists, per-pupil expenditures tend to be associated with the level of assessed valuation. "There was a strong inverse relationship between per-pupil expenditure and tax rate, and between tax rate and assessed valuation." (Alan, 1964)

Thus, districts with a high assessed valuation per-pupil tend to tax themselves at a low rate, and yet this low rate tends to result in a high yield per-pupil. Conversely, districts with a low assessed valuation per-pupil tend to tax themselves at a high rate, and this high rate tends to result in a low yield per pupil.

Illinois has recognized an obligation to aid local communities in their support of education. Through the process of equalization, the state tries to equalize revenue per-student, stimulate expenditures, and possibly broaden the tax base.

The Illinois foundation program includes a flat grant revenue from the state and monies generated by a local qualifying tax rate. If the sum of these revenues does not equal the foundation program level set by the state, then state equalization revenues are included. A school district must apply qualifying tax rates to participate in the state's equalization program. These tax rates are measured in dollars per $100 of equalized assessed valuation. The Illinois School District tax rate limitations, excluding Chicago District 299, are listed in Table 1. The application of the foundation formula theoretically is to equalize the financial base among districts, but in practice does not do the task since the foundation level is too low. (Salisbury, 1972) What are the alternatives if the property tax, level and system of equalization are inadequate?

Discrimination in education on account of race is unconstitutional. Discrimination in legislative apportionment on account of geography is unconstitutional. A law which apparently applies to all alike may discriminate against certain classes. As the court stated in Griffin v. Illinois: "A law nondiscriminatory on its face may be grossly discriminatory in its operation." The use of the property tax by definition applies to rich and poor alike, but in its operation, it is a regressive tax discriminating against those who are poorer.

ONE EXAMPLE OF DISPARITY IN THE STATE OF ILLINOIS

In the state of Illinois, a situation exists between two school districts which can be used to exemplify inequality under the 1973-1974 financial formula in supporting public schools. In the 1974 tax year, Brookport School District, in Massac County, had a per-pupil assessed valuation of $3,073.44 with a tax rate of 4.365, while Monticello School

Table I

ILLINOIS SCHOOL DISTRICT TAX RATE LIMITATIONS 1973-1974
(Chicago District #299 not included)

Levy	District Type	Without Referendum (%)	With Referendum (%)
Educational Fund	K-8	0.920[a]	3.00
	9-12	0.920[a]	3.00
	K-12	1.600	4.00
Operations, Building, and Maintenance Fund	K-8	0.250	0.55
	9-12	0.250	0.55
	K-12	0.375	0.75
Capital Improvements Fund	All Districts	0.000	0.06
Transportation Fund	All Districts	0.120	0.20
Summer School	All Districts	0.000	0.15
Bond and Interest Fund	All Districts	Not Applicable	As Needed
Rent Fund	All Districts	Not Applicable	As Needed
Illinois Municipal Retirement Fund	All Districts	As Needed	Not Applicable
Tort Immunity (Liability Insurance)	All Districts	As Needed	Not Applicable
Working Cash Fund	All Districts	0.050	Not Applicable
Fire Prevention and Safety[c]	All Districts	0.050[b]	0.10
Junior College Tuition	9-12	As Needed	Not Applicable
	K-12	As Needed	Not Applicable
Special Education Building Program	K-8	0.020	Not Applicable
	9-12	0.020	Not Applicable
	K-12	0.040	Not Applicable
Area Vocational Education Building Program	9-12	0.000	0.05
	K-12	0.000	0.05
Tort Judgment	All Districts	As Needed	Not Applicable

[a]Subject to possible backdoor referendum (Section 17-2.2)

[b]The county clerk may extend a tax rate in excess of .05 percent in certain situations (see Long Term Borrowing - Fire Prevention and Safety Bonds).

[c]Districts may expend these tax revenues to meet state environment agency requirements (HB 1406, 1973).

The maximum interest rate for Tax Anticipation Warrants, Teachers' Orders, Working Cash Fund Bonds, and Refunding Bonds is six percent.

The maximum interest rate for Tax Anticipation Notes, Building Bonds

(Section 19-2 through 19-6), Fire Prevention and Safety Bonds, and Funding Bonds (Section 19-8 through 19-10) is seven percent.

There is no interest rate limitation on Tort Judgment Bonds.

The debt limitation is six percent in dual districts and 12 percent in K-12 districts (certain exceptions exist).

District in Piatt County had $108,578.77 per-pupil assessed valuation with a tax rate of $1.3585. Even though Monticello had about 5.5 times as many students for their best six-month average-daily-attendance, their assessed valuation per-pupil was approximately 190 times more than Brookport's with a tax rate of $3.0065 less.

THE NATIONAL EDUCATIONAL FINANCE PROJECT (NEFP)

The National Education Finance Project was inaugurated in June 1968. This $2,000,000 project was financed largely by the United States Office of Education. Officials in the Office of Education who sponsored the project and those charged with responsibility for administrating the project were aware of pending court decisions, and anticipated the present plans for financing education would be held unconstitutional.

The National Education Finance Project made a four-year study of school finance in the United States. Their findings were published in five numbered volumes and fifteen unnumbered volumes of special studies conducted by the central staff and directors of special satellite projects. Their reports covered approximately four thousand pages. Thirty-eight professors, experts in school finance and economics, located in twenty universities, participated in the study.

The NEFP study found that educational opportunities in all the states, except Hawaii, were unequal. In states with relatively large school districts, the variations of property per-pupil usually ranged from five-to-one, down to ten-to-one. In states with relatively small districts, the range frequently was greater than forty-to-one. State funds partly equalized these differences; however, even after receiving state equalization funds, the variations among districts within a state in per-pupil revenue were frequently as great as three-to-one. The evidence was clear that equalization of revenue among school districts is far from being achieved in the United States.

Furthermore, they found that an antiquated system of taxation which placed major reliance on the regressive property tax prevailed in most states. Neither equity for children nor equity for taxpayers had been provided by the school finance plans in most states during the time of the study. The staff at the National Finance Project made a careful evaluation of each state's plan for financing schools. They presented recommendations for improving both federal and state plans for the financing of education.

SUMMARY

The contents of this chapter have been limited to a review of the literature most pertinent to the specific statement of the problem upon which this study was based. This chapter is composed of four main divisions: 1) Litigation Concerning the Financing of Public Schools, 2) Our Present System, 3) One Example of Disparity in the State of Illinois, and 4) The National Educational Finance Project (NEFP).

Chapter 3

METHOD AND PROCEDURES

The National Educational Finance Project developed alternative financing models for public school districts. This study compares the existing 1974-75 available revenue per-pupil in Illinois with that which could be available from the National Educational Finance Project using their six basic financing models.

Under the NEFP models, mills were used as a tax rate. In Illinois, dollars per $100 of Equalized Assessed Valuation is used instead of mills, thus, a conversion from mills to dollars per $100 of Equalized Assessed Valuation was necessary.

Since one mill is one-tenth of one cent, ten mills would equal one-hundreth of one dollar. This can be converted to dollars and cents per $100 of Equalized Assessed Valuation by finding an equivalent ratio of one to one-hundred. Ten mills, which is one one-hundreth of one dollar (1:100), is equivalent to one dollar per $100 (1:100) of Equalized Assessed Valuation. Variations thereof can be calculated on this basis.

The alternative models developed by the National Education Finance Project were:

1) Complete Local Support Model
2) Flat Grant Model with Local Leeway Limit of 12 mills or $1.20 per $100 of Equalized Assessed Valuation
3) Equalization Model with 5 mills or $.50 per $100 of Equalized Assessed Valuation Required Local Effort,

and $.70 per $100 of Equalized Assessed Valuation Local Leeway

4) Equalization Model with 10 mills or $1.00 per $100 of Equalized Assessed Valuation Required Local Effort and 2 mills or $.20 per $100 of Equalized Assessed Valuation Local Leeway
5) Complete State Support Model
6) Incentive Grant or Percentage Equalizing Model (Johns, 1971, Vol. 5, pp. 265-325)

COLLECTION OF DATA

The data sources were:

Illinois Office of Education Circular Series A

No. 342, Fall Pupil Enrollment and Teacher Statistics for the 1974-1975 School Year

No. 346, Illinois Public School Districts 1974-1975

No. 348, Annual State Aid Claim Statistics for 1974-1975

No. 351, Illinois Public School Financial Statistics for 1974-1975

No. 352, Assessed Valuation and Tax Rates for the 1974-1975 School Year

Data were gathered from the separate reports.

SELECTION OF SAMPLE SCHOOL DISTRICTS

There were 442 unit school districts listed in the Illinois Office of Education reports. For purposes of this study, thirty-one school districts were periodically chosen from the rank order list of assessed valuation per-average-daily-attendance. All 442 school districts were listed in rank order according to equalized assessed valuation per-average-daily-attendance. The highest and lowest school districts were identified; and, from subtracting these two districts from the sample number of thirty-one and adding one, the number thirty was divided into the total number of school districts, giving a division of 14.7. Starting with the first school district listed, multiples of

14.7 rounded to the nearest whole number were used to select a periodic sample.

TREATMENT OF DATA

Data were retrieved and entered on a master sheet. The data included: 1) each school district's name, 2) sequence number, 3) code number, 4) total assessed valuation, 5) best six-months' average-daily-attendance, 6) Common School Fund or General State Fund, 7) other state categorical revenue, 8) federal revenue, and 9) operating tax rates.

The operating tax rates included those funds which directly affect the general process and operation of a school district. Those funds were: 1) education, 2) transportation, 3) tort, 4) retirement (IMRF), 5) operation-building-maintenance, and 6) working cash fund. All of these separate tax rates were then added together. This sum became the operational tax rate for that specific district. Tax rates excluded from this operational tax rate were the Capital Improvement, Special Education Building, Bond and Interest, and the Fire Prevention and Safety. From this information other data were computed. They are:

Equalized Assessed Valuation Per-Average-Daily-Attendance (Average-daily-attendance was divided into the equalized assessed valuation)

State Revenue/Average-Daily-Attendance (Average-daily-attendance was divided into the state revenue)

Local Revenue (Total equalized assessed valuation multiplied by the computed total tax rate)

Local Revenue/Average-Daily-Attendance (Local revenue was divided by the average-daily-attendance)

State and Local Revenue (State and local revenue were added together)

Local and State Revenue/Average-Daily-Attendance (Total of the local and state revenue)

Federal Revenue/Average-Daily-Attendance (Federal revenue divided by average-daily-attendance)

All thirty-one school districts were arranged in order based on the equalized assessed valuation of property per-average-daily-attendance, placing the highest at the top of the list and the lowest at the bottom. All data were reported utilizing this ranking of the thirty-one sample school districts.

Tables were prepared utilizing the ranking of the thirty-one school districts according to the assessed valuation per-average-daily-attendance. State revenue per-average-daily-attendance was also ranked, but in inverse order from lowest to highest for the year under study. If an equalization factor was present, one would expect a high correlation between the two elements, local and state revenue per-average-daily attendance.

The Spearmans Rho Test for rank correlation was then applied using the formula:

$$r_s = 1 - \frac{6\Sigma_i^n D_1^2}{N^3-N}$$ (Siegel, 1956, p. 21)

to determine correlation (r_s). In this formula, r_s represents a correlation between what two factors are being measured, 6 is a formula constant, N represents the number of school districts in the sample, and D represents the difference between the rank order of the district.

Since the sample number was more than thirty, the Student t Test with N - 2 degrees of freedom was utilized to measure significance. The Student t Test was computed using the following formula:

$$t = r_s \sqrt{\frac{N - 2}{1 - r_s^2}}$$ (Siegel, 1956, p. 212)

THE MODELS

To utilize the NEFP models, a ceiling limit for total revenue redistribution had to be established. The total amount of state and local revenue for the thirty-one unit school districts remains the same for the first five models. Only the state allocation to each district and local tax revenue differ.

This study reallocates the same sum of money utilizing six different approaches to financing each of the sample districts. The means of allocating state funds and limitations of local tax rates were specified in the NEFP models.

Complete Local Support Model

Under this model, all state funds were abolished and the schools were financed entirely from local funds. The legal limit of local school taxes was established in order to produce as much revenue for the state as a whole as the other models.

Flat Grant Model

All school districts under this model would receive the same amount of state money per-pupil regardless of variations in local per-capita wealth. The legal limit of local taxes was established and sufficient state funds provided to bring the total state and local revenue up to the total of the other models.

Equalization Model with Fifty Cents per $100 of Equalized Assessed Valuation Required Local Effort, and Seventy Cents per $100 of Equalized Assessed Valuation Local Leeway

Under this model, the state foundation program has been established. The school district is under obligation to tax fifty cents

per $100 of equalized assessed valuation. The dollar difference between what the level of the state foundation program is, and what the local district can raise on the fifty-cent tax is paid for by the state. The local leeway is the local effort beyond the fifty cents per equalized assessed valuation the community wishes to tax itself.

Equalization Model with $1.00 per $100 of Equalized Assessed Valuation Required Local Effort and Twenty Cents per $100 of Equalized Assessed Valuation Local Leeway

This model is basically the same as the previous model except the two factors, required local effort and local leeway, have been adjusted. Adjusting these two factors illustrates how a state might more equalize revenue available per student.

Complete State Support Model

Under this model, all local taxes for schools are abolished and the schools are financed entirely by the state. The total revenue required is the same as the other models.

Incentive Grant or Percentage Equalizing Model

A local effort of $1.00 per $100 of equalized assessed valuation, and an extra effort ranging from zero to seventy cents per $100 of equalized assessed valuation is allowed. This level of financial support is determined by the local financial effort made by a school district in proportion to its financial ability and not by its wealth per pupil. Under this model, a district with low wealth per pupil would have the same financial resources available per pupil as a district with greater wealth per pupil, provided both districts make the same local tax effort in proportion to ability.

The state's share of the cost for the foundation program of a district under this model can be computed by multiplying the cost of the foundation program of any district by 100 percent minus a predetermined percentage figure. This figure in turn is multiplied by the quotient of the equalized value of district property divided by the state average equalized value of property per pupil.

The local leeway for each district in the study was randomly chosen.

SUMMARY

The contents of this chapter describes the methods and procedures utilized to investigate the problem under study. The chapter consisted of five main divisions: 1) Method and Procedures, 2) Collection of Data, 3) Selection of Sample School Districts, 4) Treatment of Data, and 5) The Models.

Chapter 4

ANALYSIS OF THE DATA

The central problem of this study was to compare available revenue per-pupil in Illinois for the fiscal year 1974-1975 with that which would have been available from alternative financing models developed by the National Educational Finance Project of Gainesville, Florida. This study was limited to general state aid, equalized assessed valuation, and local tax rate revenue, but does not include any categorical aids. Available per-pupil revenue includes local revenue derived from property taxation, and revenue derived from the state in the form of General State Aid. All other local and state revenues were excluded.

The National Educational Finance Project (NEFP) was initiated by the United States Office of Education in July 1968. The project was administered through the Florida State Department of Education, and the University of Florida at Gainesville. Dr. Roe L. Johns, Professor of Educational Administration, University of Florida, served as project director.

For the purpose of this study, selected data were retrieved from the Illinois Office of Education. The data included a sample of thirty-one unit school districts in the state of Illinois and each school district's equalized assessed valuation, average-daily-attendance, the amount of local property tax revenue, the amount of federal revenue,

tax rate, and other state funds. From this information, the assessed valuation per-average-daily-attendance, local tax revenue per-average-daily-attendance, state revenue per-average-daily-attendance, and federal revenue per-average-daily-attendance was computed.

The 442 unit school districts were ranked on their equalized assessed valuation per-average-daily-attendance reported in Table 2. All school districts were assigned a sequence number from one to 442. Every 14.7th district rounded to the nearest whole number was chosen. Thirty-one school districts were selected from the ranking which provided a periodic sample. A periodic sample of thirty-one unit school districts ensured representation of all levels of district wealth per-average-daily attendance. These data are presented in Table 2 and Table 3.

Table 2 reflects the State of Illinois total assessed valuation of $11,651,681,690 for the sample thirty-one school districts. The total number of students for the sample districts was 51,140. The computed local tax revenue for the sample was $25,800,202. Adding this figure to state funds of $27,924,017 makes a total of $53,724,219. This amount represents the total amount of state and local revenue for the sample school districts.

Thus, the $53,724,219 was reallocated to each of the sample school districts according to NEFP distribution specifications in models one through five. Application of the National Education Finance Project models was based on this total revenue amount which was available in the 1974-1975 fiscal year.

Table 2

ILLINOIS PUBLIC SCHOOL DISTRICT DATA - 1974-1975

Dist. Co. No.	Seq. Co. No.	School District Name	Assessed Valuation	Best 6 Months A.D.A.	E.A.V. per A.D.A.	Local Tax Rate	Local Revenue	Local Revenue per A.D.A.
0205	1	Monticello	197,562,330	1,819.53	108,578.77	1.3585	2,683,884.20	1,475.00
0030	15	Venice	31,916,043	557.45	57,253.64	2.5532	814,880.40	1,461.80
0010	29	Fisher	34,908,976	734.47	47,529.49	1.8140	663,248.82	862.18
1220	44	San Jose	14,879,208	342.57	43,434.07	2.2320	332,103.92	969.45
0160	59	New Berlin	26,810,409	667.42	40,170.22	2.1208	568,595.15	852.93
0040	74	Paris	39,761,646	1,025.24	38,782.77	1.4723	585,410.71	571.80
0030	88	Hillsboro	86,975,980	2,409.63	34,435.15	2.1680	1,885,639.20	782.54
0020	103	Crossville	11,993,706	365.09	32,851.37	2.2517	270,062.27	739.71
3750	118	El Paso	34,669,551	1,075.87	32,224.67	2.2135	767,410.61	713.29
1250	133	Balyki	12,442,356	404.09	30,741.56	2.2300	277,464.53	1,027.08
0020	147	West Pike	14,530,093	491.68	29,551.93	2.2660	329,251.90	988.56
2250	162	Alwood	22,052,334	774.84	28,460.50	2.1970	484,489.77	625.28
1170	177	Jacksonville	132,551,899	4,677.99	28,335.22	2.3322	3,091,375.10	660.83
2060	192	Farina Lagrove	10,677,827	398.16	26,817.93	2.9100	310,724.76	780.40
1400	206	Eureka	37,992,529	1,444.18	26,307.34	2.2135	840,964.62	582.31
1700	221	Bushnell-Prairie City	29,141,970	1,184.07	24,611.70	2.1810	635,586.36	536.78
0170	236	Allendale	5,389,391	226.84	23,762.75	2.7240	146,807.01	647.18
003C	250	Martinsville	14,393,563	618.99	23,253.30	2.1654	311,678.21	503.53
2030	265	Nestmer	21,042,362	908.07	23,172.61	2.0680	435,156.04	908.07
4300	280	Sandwich	35,558,765	1,675.22	21,226.33	2.3979	852,663.62	508.99
2000	295	Pearl City	12,551,455	633.57	19,810.68	2.7287	342,491.55	540.57
0600	309	New Athens	12,627,637	649.13	19,453.17	2.6217	331,058.75	510.00
0040	324	Columbia	24,462,047	1,263.67	19,357.94	2.3215	567,886.42	449.39
0250	339	North Clay	17,669,732	924.86	19,105.30	2.4350	430,257.97	465.21
1000	354	Riverdale	26,285,714	1,554.15	16,913.24	2.4350	640,057.13	411.84
2220	368	Polo	25,857,228	1,593.03	16,231.48	2.3443	606,170.99	380.51
0350	383	Flora	26,240,483	1,772.96	14,800.38	2.9180	765,697.29	431.88
0020	398	Carrier Mills	8,225,575	595.47	13,813.58	2.7520	226,367.29	380.15
0660	413	Dongola	3,832,973	321.78	11,911.78	2.7200	104,256.86	324.00
1890	427	East St. Louis	191,224,738	19,642.18	9,763.40	2.8674	5,483,179.60	279.15
0380	442	Brookport	1,039,653	338.27	3,073.44	4.3650	45,380.85	134.16

Table 3

ILLINOIS PUBLIC SCHOOL DISTRICT DATA - 1974-1975 (continued)

Dist. Co. No.	State Revenue	Other State Funds	State Revenue per A.D.A.	Federal Revenue	Federal Revenue per A.D.A.
0250	116,224.00	52,751.00	63.8758	72,371.00	39.77
0030	78,226.42	260,575.92	140.3290	118,525.67	212.62
0010	165,647.94	41,195.47	225.5339	56,075.25	76.34
1220	68,103.17	17,479.17	198.8007	8,579.08	25.04
0160	221,341.39	79,094.34	332.6373	26,818.93	40.18
0040	226,469.36	94,496.68	220.8939	35,015.36	34.15
0030	825,988.33	129,842.12	342.7863	122,328.20	50.77
0020	99,356.88	26,201.99	277.1435	17,252.85	47.26
3750	263,667.00	37,163.50	245.0732	31,307.50	29.10
1250	137,567.26	29,760.74	340.3471	38,951.19	96.39
0020	156,802.83	51,726.14	318.9123	31,491.44	64.05
2250	246,263.14	51,665.83	317.8245	20,303.76	26.20
1170	2,099,511.00	413,116.50	448.8062	176,632.50	37.76
2060	187,487.08	50,189.13	470.8837	21,746.70	54.62
1400	541,739.84	81,127.59	375.1193	53,520.60	37.06
1700	519,090.90	123,592.83	438.3954	75,503.18	63.77
0170	98,988.10	18,560.05	436.3785	10,114.08	44.59
003C	218,578.47	51,994.47	353.1211	17,573.99	28.39
2030	430,928.77	69,779.47	474.5545	32,669.02	35.98
4300	755,944.76	144,942.71	451.2510	30,655.27	18.30
2000	284,748.00	51,694.50	449.4341	23,243.50	36.69
0600	391,911.00	62,314.00	603.7480	27,677.00	42.64
0040	752,036.30	77,560.72	595.1207	74,152.94	58.68
0250	407,450.69	89,649.16	440.5539	61,638.51	66.65
1000	762,573.71	110,380.75	490.6693	43,044.26	27.70
2220	503,487.00	62,928.00	316.0561	40,087.00	25.16
0350	1,016,965.80	136,969.69	573.5977	103,286.64	58.26
0020	268,524.98	23,216.32	450.9462	75,389.87	126.61
0660	235,031.00	53,099.50	730.4089	37,035.50	115.10
1890	15,635,003.55	1,787,375.54	795.9912	6,018,141.52	306.39
0380	244,358.46	17,193.50	722.3769	138,796.57	410.31

ANALYSIS OF STATE AND LOCAL REVENUE AVAILABLE
TO ILLINOIS PUBLIC SCHOOL DISTRICTS
FOR FISCAL YEAR 1974-1975

The principle of equalization is considered an important and necessary factor in state funding of education. This principle is based on providing additional state funds to districts with lower assessed valuations per student. To test the degree of equalization in the state of Illinois' method of providing state funds for the fiscal year 1974-1975, sample school districts were listed in descending order of assessed valuation per-average-daily-attendance in Table 4. The districts were then ranked in inverse order with the most wealthy given the rank of 31, and least wealthy assigned the rank of one. The state revenue per-average-daily-attendance was ranked in descending order with the school district receiving the least state aid ranked one, and the school district receiving the most state aid ranked 31.

The Spearmans Rho Test for rank correlation was then applied, utilizing the formula:

$$r_s = 1 - \frac{6\Sigma_i^n D_1^2}{N^3-N}$$

The correlation (r_s) was -.8516129. Then, using the Student t Test, t = -8.7491944 which is at a significance level beyond .01. This would support a hypothesis that equalization does exist in the state of Illinois' method of financing public education for the fiscal year 1974-1975. Then, when the equalized assessed valuation per-average-daily-attendance for a school district is decreased, the amount of state

Table 4

A COMPARISON BETWEEN EQUALIZED ASSESSED VALUATION (AV)
PER AVERAGE DAILY ATTENDANCE (ADA) AND
STATE REVENUE (SR) PER ADA

District No.	EAV Per ADA	EAV Per ADA Rank	State Revenue Per ADA	State Revenue Per ADA Rank
0250	$108,578.77	31	$ 63.88	1
0030	57,253.64	30	140.33	2
0010	47,529.49	29	225.53	5
1220	43,434.07	28	198.80	3
0160	40,170.22	27	331.64	11
0040	38,782.77	26	220.89	4
0030	34,435.15	25	342.79	13
0020	32,851.37	24	227.14	6
3750	32,224.67	23	245.07	7
1250	30,741.56	22	340.44	12
0020	29,551.93	21	318.91	10
2250	28,460.50	20	317.82	9
1170	28,335.22	19	448.81	19
2060	26,817.93	18	470.88	23
1400	26,307.34	17	375.12	15
1700	24,611.70	16	438.40	17
0170	23,762.75	15	436.38	16
003C	23,253.30	14	353.12	14
2030	23,172.61	13	474.55	24
4300	21,226.33	12	451.25	22
2000	19,810.68	11	449.43	20
0600	19,453.17	10	603.75	28
0040	19,357.94	9	595.12	27
0250	19,105.30	8	440.55	18
1000	16,913.24	7	490.67	25
2220	16,231.48	6	316.06	8
0350	14,800.38	5	573.60	26
0020	13,813.58	4	450.95	21
0660	11,911.78	3	730.41	30
1290	9,763.40	2	795.99	31
0380	3,073.44	1	722.38	29

aid per-average-daily-attendance given to the school district by the state is increased.

Even if a state's financing system does include an equalization factor, one might hypothesize that the less-assessed valuation per-average-daily-attendance, the higher a school district would have to levy for local revenue. Data regarding this are presented in Table 5. Equalized assessed valuation per-average-daily-attendance was ranked in descending order with the wealthiest district ranked one. District tax rates were ranked in descending order, with the lowest tax rate ranked one.

The Spearmans Rho Test for rank correlation was used to compute the rank correlation of -.3106854. When the Student t Test for significance is applied, t = 1.760 which is significant at the .05 level. This analysis would support the hypothesis that a school district's tax rate increases as the school district's assessed valuation per-average-daily-attendance decreases.

Table 6 is representative of Illinois' funding program for the fiscal year 1974-1975. Data are presented for comparative analysis purposes. The federal revenue per-average-daily-attendance will not appear in any of the NEFP models. One would expect that federal revenue now available would still be available if the State of Illinois modifies its present system of funding public education.

ANALYSIS OF MODEL I

Model I is a complete local support model. Under this model, all state funds are abolished and schools are financed entirely from local funds. The legal limit of taxation was set at a $4.61 tax rate

Table 5

A COMPARISON BETWEEN EQUALIZED ASSESSED VALUATION (EAV) PER AVERAGE DAILY ATTENDANCE (ADA) AND TAX RATE (TR)

District No.	EAV Per ADA	EAV Per ADA Rank	Tax Rate	Tax Rate Rank
0250	$108,578.77	1	$1.3585	1
0030	57,253.64	2	2.5532	22
0010	47,529.49	3	1.8140	3
1220	43,434.07	4	2.2320	13
0160	40,170.22	5	2.1208	5
0040	38,782.77	6	1.4723	2
0030	34,435.15	7	2.1680	7
0020	32,851.37	8	2.2517	14
3750	32,224.67	9	2.2135	11
1250	30,741.56	10	2.2300	12
0020	29,551.93	11	2.2660	15
2250	28,460.50	12	2.1970	9
1170	28,335.22	13	2.3322	17
2060	26,817.93	14	2.9100	29
1400	26,307.34	15	2.2135	10
1700	24,611.70	16	2.1810	8
0170	23,762.75	17	2.7240	25
003C	23,253.30	18	2.1654	6
2030	23,172.61	19	2.0680	4
4300	21,226.33	20	2.3979	19
2000	19,810.68	21	2.7287	26
0600	19,453.17	22	2.6217	23
0040	19,357.94	23	2.3215	16
0250	19,105.30	24	2.4350	20
1000	16,913.24	25	2.4350	21
2220	16,231.48	26	2.3443	18
0350	14,800.38	27	2.9180	30
0020	13,813.58	28	2.7520	27
0660	11,911.78	29	2.7200	24
1290	9,763.40	30	2.8674	28
0380	3,073.44	31	4.3650	31

Table 6

REVENUE OF 31 ILLINOIS SCHOOL DISTRICTS - 1974-1975
PER AVERAGE-DAILY-ATTENDANCE (ADA)

District No.	Local Revenue Per ADA	State Revenue Per ADA	Federal Revenue Per ADA	Total Revenue
0250	$1,475.00	$ 63.8758	$ 39.77	$1,578.65
0030	1,461.80	140.3290	212.62	1,814.90
0010	862.18	225.5339	76.34	1,164.05
1220	969.45	198.8007	25.04	1,193.29
0160	852.93	332.6373	40.18	1,225.75
0040	571.80	220.8939	34.15	826.84
0030	782.54	342.7863	50.77	1,176.10
0020	739.71	277.1435	47.26	1,064.11
3750	713.29	245.0732	29.10	987.46
1250	1,027.08	340.3471	96.39	1,463.82
0020	988.56	318.9123	64.05	1,371.52
2250	625.28	317.8245	26.20	969.30
1170	660.83	448.8062	37.76	1,147.40
2060	780.40	470.8837	54.62	1,305.90
1400	582.31	375.1193	37.06	1,264.49
1700	536.78	438.3954	63.77	1,038.95
0170	647.18	436.3785	44.59	1,128.15
003C	503.53	353.1211	28.39	885.01
2030	908.07	474.5545	35.98	1,418.60
4300	508.99	451.2510	18.30	978.54
2000	540.57	449.4341	36.69	1,026.69
0600	510.00	603.7480	42.64	1,156.39
0040	449.39	595.1207	58.68	1,103.19
0250	465.21	440.5539	66.65	972.41
1000	411.84	490.6693	27.70	930.21
2220	380.51	316.0561	25.16	721.72
0350	431.88	573.5977	58.26	1,063.74
0020	380.15	450.9462	126.61	957.71
0660	324.00	730.4089	115.10	1,169.51
1290	279.15	795.9912	306.39	1,381.54
0380	134.16	722.3769	410.31	1,266.85

per $100 of equalized assessed valuation to approximate the total of local and state revenue ($53,724,219) available to local school districts during the 1974-1975 fiscal year.

The reader will observe on Table 7 that the wealthiest school district, Monticello, as represented by the assessed valuation per-average-daily-attendance ($108,578), would have more than thirty-five times as much revenue available per student in average-daily-attendance as the poorest school district, Brookport, with the least wealth ($3,073). The range of local revenue produced from this model is $141.69 for the poorest district, and $5,005.48 for the wealthiest.

Determining rank correlation between state and local revenue under this model is not appropriate because state revenue is excluded.

ANALYSIS OF MODEL 2

Table 8 represents the Flat Grant Model. This table shows that all districts would receive the same amount of state money per student regardless of variations in local taxpaying ability. In addition to the flat grant of $777.13, each district is permitted to levy up to $1.20 per $100 of equalized assessed valuation as suggested by the NEFP Study.

If every school district chose to levy the maximum leeway of $1.20 tax rate, this would result in a total leeway revenue of $13,983,018. The flat grant amount of $777.13 was computed by subtracting the local leeway revenue ($13,982,018) from the required amount produced under the models ($53,724,219), and dividing the difference by the total students in average-daily-attendance (51,140).

Model 2 is a great improvement over Model I with respect to equalization of available revenue. The variation in total revenue per

Table 7

MODEL 1. COMPLETE LOCAL SUPPORT MODEL

School District Number	Local Revenue
0250	$5,005.48
0030	2,639.39
0010	2,191.11
1220	2,002.31
0160	1,851.85
0400	1,787.89
0300	1,663.99
0200	1,514.45
3750	1,485.56
1250	1,419.47
0020	1,362.34
2250	1,312.03
1170	1,306.25
2060	1,236.31
1400	1,212.77
1700	1,134.60
0170	1,095.25
003C	1,071.98
2030	1,068.26
4300	978.53
2000	913.27
0600	896.79
0040	892.40
0250	880.75
1000	779.70
2220	748.27
0350	682.30
0020	636.81
0660	549.13
1890	448.80
0380	141.69

Table 8

MODEL 2. FLAT GRANT MODEL WITH LOCAL LEEWAY LIMIT OF $1.20 PER $100 OF EQUALIZED ASSESSED VALUATION

District No.	Flat Grant	Local Leeway Revenue	Total Revenue
0250	$777.13	$1,302.95	$2,080.08
0030	777.13	687.04	1,464.17
0010	777.13	570.35	1,347.48
1220	777.13	521.21	1,298.34
0160	777.13	482.04	1,259.17
0040	777.13	465.39	1,242.52
0030	777.13	433.14	1,210.27
0020	777.13	394.22	1,171.35
3750	777.13	386.70	1,163.83
1250	777.13	369.49	1,146.62
0020	777.13	354.62	1,131.75
2250	777.13	341.53	1,118.66
1170	777.13	340.02	1,117.15
2060	777.13	321.82	1,098.95
1400	777.13	315.69	1,092.82
1700	777.13	295.34	1,072.47
0170	777.13	285.10	1,062.23
003C	777.13	279.04	1,056.17
2030	777.13	278.07	1,055.20
4300	777.13	254.72	1,031.85
2000	777.13	237.73	1,014.85
0600	777.13	233.44	1,010.57
0400	777.13	232.30	1,009.43
0250	777.13	229.26	1,006.39
1000	777.13	202.96	980.09
2220	777.13	194.78	971.91
0350	777.13	177.60	954.73
0020	777.13	165.76	942.89
0660	777.13	142.94	920.07
1890	777.13	116.82	893.95
0380	777.13	36.88	814.01

student in average-daily-attendance is reduced from a range of $141.69 - $5,005.48, a ratio of 1:35, to a range of $814.01 - $2,080.08, a ratio of 1:2.5.

Determining rank correlation between state and local revenue is not appropriate because all school districts receive a flat grant of $777.13.

ANALYSIS OF MODEL 3

Model 3 contains an equalization factor plus required local effort and local levy as seen in Table 9. All districts were required to levy $.50 per $100 of equalized assessed valuation which produced a revenue of $5,825,841.

Each district was also required to levy the maximum rate of $.70 per $100 of equalized assessed valuation which yielded $8,156,177 of additional revenue. Added, they totaled $13,982,018. Total state revenue was computed by subtracting total local revenue from the required amount produced under previous models, $53,724,219. The difference, $39,742,202, was available for distribution to the school districts through equalization.

The minimum foundation program was computed by adding the local required revenue, $5,825,841, and state funds, $39,742,202, and dividing this amount, $45,568,043, by the total number of students in average-daily-attendance, 51,140. This quotient, $891.04, is the minimum amount of monies available for each student in average-daily-membership.

Utilizing the Spearmans Rho Test for rank correlation between total local revenue and state revenue per student in average-daily-

Table 9

MODEL 3. EQUALIZATION MODEL WITH $.50 PER $100 OF EQUALIZED ASSESSED VALUATION REQUIRED LOCAL EFFORT AND $.70 PER $100 OF EQUALIZED ASSESSED VALUATION LOCAL LEEWAY

School District Number	Required Local Revenue	State Revenue	Local Leeway Revenue	Total Revenue
0250	$542.89	$348.15	$760.05	$1,651.09
0030	286.27	604.77	400.78	1,291.82
0010	237.65	653.39	332.71	1,223.75
1220	217.17	673.87	304.04	1,195.08
0160	200.85	690.19	281.19	1,172.23
0040	193.91	697.13	271.48	1,162.52
0030	180.48	710.52	252.67	1,143.71
0020	164.26	726.78	229.96	1,121.00
3750	161.12	729.92	225.57	1,116.61
1250	153.96	737.08	215.54	1,106.58
0020	147.76	743.28	206.86	1,097.90
2250	142.30	748.74	199.22	1,090.26
1170	141.68	749.36	198.35	1,089.39
2060	134.09	756.95	187.80	1,078.84
1400	131.54	759.50	184.15	1,075.19
1700	123.06	767.98	172.28	1,063.32
0170	118.79	772.25	166.31	1,057.35
003C	116.27	774.77	162.77	1,053.81
2030	115.86	775.14	162.20	1,053.24
4300	106.13	784.91	148.58	1,039.62
2000	99.05	791.99	138.67	1,029.71
0600	97.27	793.77	136.17	1,027.21
0040	96.79	794.28	135.51	1,026.55
0250	95.53	795.51	133.74	1,024.78
1000	84.57	806.47	118.39	1,009.43
2220	81.16	809.88	113.62	1,004.66
0350	74.00	817.04	103.60	994.64
0020	69.07	821.97	96.70	987.74
0660	59.56	831.48	83.38	974.42
1890	48.68	842.36	68.15	959.19
0380	15.37	875.67	21.51	912.55

attendance produces a perfect correlation of one. Applying the Student t Test for significance with alpha at .025 on a one-tailed test resulted in a t score of 5.39 which is significant. This analysis would tend to support the hypothesis that Model 3 does, in fact, possess an equalizing factor.

The reader will observe in Table 9 that Model 3 equalizes financial resources better than Model 2. The revenue available per student in average-daily-attendance was reduced from a range of $814.01-$2,080.08 in Model 2, a ratio of 1:2.5, to a range of $912.55-$1,651.09 in Model 3, a ratio of 1:1.8.

ANALYSIS OF MODEL 4

Model 4 is very similar to Model 3 except that the required local effort is $1.00 per $100 of equalized assessed valuation, and the local leeway is twenty cents per $100 of equalized assessed valuation. Data are presented in Table 10.

The local revenue generated by levying $1.00 was $11,651,682, plus the amount that could be raised if all school districts levied the local leeway of $.20, or $2,330,336. The sum generated by both the required levy and leeway equalled $13,982,018. This sum was subtracted from the total revenue required under all models, $53,724,220. The difference of $39,742,202 represents state funds to be distributed on an equalization basis. A minimum foundation program level of support was determined by adding the required local effort revenue, $39,742,202, to the state funds of $11,651,682 and dividing this sum, $51,393,884, by the total students in average-daily-attendance. The quotient of $1,004.96 is the minimum amount of monies for each student in average-daily-attendance.

Table 10

MODEL 4. EQUALIZATION MODEL WITH $1.00 PER $100 OF EQUALIZED ASSESSED VALUATION REQUIRED LOCAL EFFORT AND $.20 PER $100 OF EQUALIZED ASSESSED VALUATION LOCAL LEEWAY

School District Number	Required Local Revenue	State Revenue	Local Leeway Revenue	Total Revenue
0250	$1,085.79	$	$217.16	$1,302.95
0030	572.54	432.42	114.51	1,119.47
0010	475.29	529.67	95.06	1,100.02
1220	434.34	570.62	86.87	1,091.83
0160	401.70	603.26	80.34	1,085.30
0040	387.83	617.13	77.57	1,082.53
0030	360.95	644.01	72.19	1,077.15
0020	328.51	676.45	65.70	1,070.66
3750	322.25	682.71	64.45	1,069.41
1250	307.91	697.05	61.58	1,066.54
0020	295.52	709.44	59.10	1,064.06
2250	284.61	720.35	56.92	1,061.88
1170	283.35	721.61	56.57	1,061.62
2060	268.18	736.78	53.64	1,058.60
1400	263.07	741.89	52.61	1,057.57
1700	246.12	758.84	49.22	1,054.18
0170	237.59	767.37	47.52	1,052.48
003C	232.53	772.43	46.51	1,051.47
2030	231.73	773.23	46.34	1,051.30
4320	212.26	793.70	42.45	1,047.41
2000	198.11	806.85	39.62	1,044.58
0600	195.53	810.43	38.91	1,043.87
0040	193.58	811.38	38.71	1,043.67
0250	191.05	813.91	38.21	1,043.17
1000	169.13	835.83	33.83	1,038.79
2220	162.31	842.65	32.46	1,037.42
0350	148.00	856.90	29.60	1,034.56
0020	138.14	866.82	27.63	1,032.59
0660	119.12	885.84	23.82	1,028.79
1890	97.35	907.61	19.47	1,024.43
0380	30.73	974.23	6.15	1,008.11

Again, in using the Spearmans Rho Test for rank correlation between total local revenue and state revenue per student in average-daily-attendance, the rank correlation was one. Applying the Student t Test for significance with alpha at .025 on a one-tailed test resulted in t = 5.39 which is significant. As in Model 3, these findings would support a hypothesis that Model 4 does possess an equalization factor.

Model 4 equalizes financial resources better than Model 3 because the revenue available per student in average-daily-attendance is reduced from a range of $912.55-$1,651.09, a ratio of 1:1.8 for Model 3, to $1,008.11-$1,302.95, and a ratio of 1:1.29 for Model 4.

ANALYSIS OF MODEL 5

Data for this model are found in Table 11, all local taxes are abolished and the schools are financed entirely by the state with assistance of available federal funds.

All school districts would receive $1,050.52 per student in average-daily-attendance as listed in Table 11. The state funds per student in average-daily-attendance were computed by dividing the required amount of $53,724,219 by the total students in average-daily-attendance in the state, $51,140.

The complete state support model provides for complete equalization because there is no variation among the districts in revenue per student in average-daily-attendance. Determining rank correlation between state and local revenue under this model is not appropriate because local revenue is excluded.

The full state support model could be funded entirely from the state nonproperty taxes, or the state might levy a uniform state

Table 11

MODEL 5. COMPLETE STATE SUPPORT MODEL

School District Number	State Revenue	Total Revenue
0250	$1,050.52	$1,050.52
0030	1,050.52	1,050.52
0010	1,050.52	1,050.52
1220	1,050.52	1,050.52
0160	1,050.52	1,050.52
0400	1,050.52	1,050.52
0300	1,050.52	1,050.52
0200	1,050.52	1,050.52
3750	1,050.52	1,050.52
1250	1,050.52	1,050.52
0020	1,050.52	1,050.52
2250	1,050.52	1,050.52
1170	1,050.52	1,050.52
2060	1,050.52	1,050.52
1400	1,050.52	1,050.52
1700	1,050.52	1,050.52
0170	1,050.52	1,050.52
003C	1,050.52	1,050.52
2030	1,050.52	1,050.52
4300	1,050.52	1,050.52
2000	1,050.52	1,050.52
0600	1,050.52	1,050.52
0040	1,050.52	1,050.52
0250	1,050.52	1,050.52
1000	1,050.52	1,050.52
2220	1,050.52	1,050.52
0350	1,050.52	1,050.52
0020	1,050.52	1,050.52
0660	1,050.52	1,050.52
1890	1,050.52	1,050.52
0380	1,050.52	1,050.52

property tax for schools transmitted to the state treasury and distributed to local districts along with state nonproperty tax.

A variation of this model would be for the state to require a uniform local tax levy for schools in all districts. Revenue would be retained locally, but deducted from the computed cost of the foundation program in each district. There would be no local tax leeway for schools. If the required uniform local tax levy produced revenue in excess of the foundation program amount, as it could do, the excess would be transmitted to the state treasury. Funds could be included with other state revenue and distributed to less wealthy school districts.

ANALYSIS OF MODEL 6

This model has been called, variously, an incentive grant model, percentage equalizing model, state aid ratio model, and district power equalizing model. There are two characteristics this model possesses:

1. Variable levels of financial support per student in average-daily-attendance among the districts of a state are provided.

2. The level of financial support per student in average-daily-attendance is determined by the local financial effort made by a school district in proportion to its financial ability and not by its wealth per student. Under this model, a school district with low wealth per student would have approximately the same financial resources available per student as a district with high wealth per student, provided both school districts made the same local tax effort in proportion to ability.

Each school district's state aid was determined by utilizing the formula:

$$a = f \quad 1-(\frac{D}{S} \times E)$$

"a" represents the state aid each district received; "f" represents the state revenue in the complete state support model, $1,052.52; "D" represents each district's equalized assessed valuation divided by its average-daily-attendance; "S" equals $22,783.66, the average equalized assessed valuation over average-daily-attendance; and "E" equals .21688, a pre-determined percentage figure.

To find the value of "E," the following formula was utilized:

$$E = \frac{A-F}{F}$$

In this formula, "E" represents the unknown percentage figure; "F" equals the total of state and local revenue for all sample districts, $53,724,219.77; and "A" represents F minus the sum of the qualifying tax rate revenue, $42,072,538.08.

These formulas were applied to all 31 school districts, and the results are reported in Table 12. Under this model, each district is required to levy $1.00 per $100 of equalized assessed valuation. In addition, each district is allowed to levy up to seventy cents per $100 of equalized assessed valuation. This additional revenue is referred to as local leeway revenue. The amount of levy for each district was selected by chance and reported in Table 12.

An incentive factor was included by adding the required local revenue to the computed leeway revenue in each district, computing a ratio between that sum and the district's state revenue, and multiplying that ratio times the computed local leeway.

Table 12

MODEL 6. INCENTIVE GRANT OF PERCENTAGE EQUALIZING MODEL

District School Number	Required Local Revenue	Leeway	Local Revenue Computed	State Revenue Total	Incentive State Revenue	Total Revenue
0250	$1,085.79	3	$325.74	$	$	$1,411.53
0030	572.54	6	343.52	477.93	179.23	1,573.22
0010	475.29	4	190.12	575.18	164.34	1,404.93
1220	434.34	5	217.17	616.14	205.38	1,473.03
0160	401.70	1	40.17	648.78	58.98	1,149.63
0040	387.83	0		662.65		1,050.48
0030	360.95	7	252.67	706.14	290.77	1,610.53
0020	328.51	5	164.26	721.97	240.66	1,455.40
2750	322.25	2	64.45	728.24	121.06	1,236.00
1250	307.91	0		743.08		1,050.99
0020	295.52	5	147.75	754.97	252.65	1,449.89
2250	284.61	1	28.46	765.89	69.62	1,148.58
1170	283.35	7	198.35	767.14	315.89	1,564.73
2060	268.18	4	107.27	782.32	223.52	1,381.29
1400	263.07	6	157.84	787.42	295.28	1,503.61
1700	246.12	3	73.84	804.38	185.63	1,309.94
0170	237.59	7	166.31	812.87	334.71	1,551.48
003C	232.53	2	46.51	817.97	136.34	1,233.35
2030	231.73	1	23.17	818.77	74.42	1,148.09
4320	212.26	0		838.24		1,050.52
2000	198.11	3	59.43	852.39	196.69	1,306.62
0600	194.53	7	136.17	855.97	352.46	1,539.13
0040	193.58	1	19.36	856.92	77.91	1,147.77
0250	191.05	6	114.63	859.45	322.29	1,487.42
1000	169.13	4	67.65	881.37	251.82	1,369.97
2220	162.31	1	16.23	888.19	80.74	1,147.47
0350	148.00	7	103.60	902.50	371.62	1,525.72
0020	134.14	3	41.44	912.37	216.34	1,303.29
0660	119.12	4	47.64	931.39	266.06	1,364.21
1890	97.35	3	29.21	952.88	219.92	1,299.36
0380	20.73	6	18.44	1,019.78	480.08	1,539.03

Total revenue under this model ranges from $1,050.52 to $1,610.53, a ratio of 1:1.5, which includes state incentive grant revenues. These revenues are in addition to the basis foundation program revenues of $53,724,219.77 as was utilized in other models.

Utilizing the Spearmans Rho Test for rank correlation between total local revenue and total state revenue per student in average-daily-attendance, produces a correlation of -.537096.

When the Student t Test for significance is applied, t = -3.4289009 which is at a significance level beyond .01.

This statistical analysis would support a hypothesis that Model 6 does contain an equalization factor.

If the local leeway revenues and the state incentive grant revenues were eliminated from Model 6, a perfect correlation would be obtained. Thus, local leeway revenue and state incentive grant revenue reduce the correlation between total local revenue and state revenue per student in average-daily-attendance.

SUMMARY

Table 13 is presented as a summary of the six National Educational Finance Project models plus State of Illinois data for the 1974-1975 school year. The data suggest that local property taxes played a significant role in the financing of Illinois public schools during the year under study. To decrease the heavy impact of the local property tax, there must be a great increase in state funds available to local school districts. With the exception of Model 1, the National Educational Finance Project suggests a high tax levy of $1.70 per $100 of equalized assessed valuation.

Table 13

A COMPARISON OF THE MODELS ILLUSTRATING RANGE OF LOCAL REVENUE PER AVERAGE-DAILY-ATTENDANCE

Model	Local Revenue			State Revenue		
	Low	High	Ratio	Low	High	Ratio
Illinois 1974-1975	$134.16	$1,475.00	1:10.9	$ 63.88	$ 796.00	1:12.5
1	141.69	5,005.48	1:35.3			
2	36.88	1,302.95	1:35.3	777.13	777.13	1:1
3	15.37	542.89	1:35.3	348.15	875.67	1:2.5
4	30.73	1,085.79	1:35.3		974.23	
5				1,050.52	1,050.52	1:1
6	39.17	1,411.53	1:36		1,499.86	

Models 3 and 4 possess the characteristic correlation of local revenue and state revenue. This correlation signifies the presence of an equalization factor in that the more wealthy a school district, the less state funds it will receive. The inverse of this is also correct for poorer school districts. Model 6 also possesses equalization except that incentive grant levies and state funds reduce the correlation.

Model 3 has the least range of local tax revenue, $527.52, with Model 1 having the greatest at $4,863.79.

Models 1, 2 and 5 have no range of variance of state funds. Both the low and high state revenue in these models are the same. Except for these three models, Model 3 has the lowest range at $527.52 and Model 6 the highest at $1,499.86.

The range of total revenue runs from no range for Model 5, the complete state support model, to a high of $4,863.79 in Model 1, the complete local support model. The next lowest range to Model 5 would be Model 4 with $294.84.

In comparing total revenue ratios, Model 5 has no variance with a ratio of 1:1; the next greatest ratio would be the ratio of 1:1.5 in Model 6. Model 1 has the greatest degree of difference between the total high and low revenue with a ratio of 1:35.3.

Table 14 represents the total tax revenue required on a local and state basis. Models are limited to the same total funds of $53,724,219.77 except Model 6. This digression could not be avoided because of the nature of the state aid computation. This model has three variables which could be adjusted to increase or decrease local, state, or total revenue. The variables are: 1) the foundation level, 2) the constant factor of .21688, and/or 3) the state to local revenue

Table 14

A COMPARISON BETWEEN MODELS OF TOTAL LOCAL AND STATE REVENUE

Model	Total Local Revenue	Total State Revenue	Total Revenue
Illinois 1974-1975	$25,800,202.33	$27,924,017.43	$53,724,219.77
1	53,724,219.77	NA	53,724,219.77
2	13,981,918.03	39,742,301.74	53,724,219.77
3	13,981,918.03	39,742,301.74	53,724,219.77
4	13,981,918.03	39,742,301.74	53,724,219.77
5	NA	53,724,219.77	53,724,219.77
6	16,094,269.22	50,960,848.99	67,055,118.21

ratio for each district.

The National Educational Finance Project models can easily be adjusted to increase or decrease either local or state revenue. As an example, the maximum local tax levy could be raised to $.20 per $100 of equalized assessed valuation in Models 2, 3, 4, 5 and 6. This would decrease the amount of state funds required for funding.

Chapter 5

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS FOR FURTHER STUDY

This chapter presents the findings and conclusions derived from the analysis of the data used in this study. Also incorporated are the general purposes, procedures, results, conclusions, and recommendations for further study.

SUMMARY

The purpose of this study was to compare the financing of public education in Illinois with six public school financing models developed by the NEFP.

Selected financial data were obtained from the Illinois Office of Education as reported in the Circular Series A for the fiscal year 1974-1975.

Out of the 442 unit public school districts in Illinois, a periodic sample of thirty-one school districts was extracted. Utilizing this sample, the six major models of the NEFP were applied to each of the thirty-one school districts. Local and state financial participation was computed.

CONCLUSIONS

The role of the property tax is excessive when one is concerned about the wide range in available revenue per student in the state of

Illinois. When the maximum local tax levy reaches as high as $7.00 per $100 of equalized assessed valuation, even a degree of equalization is impossible to attain unless per-student expenditures are significantly increased. If student expenditures were to increase to any great extent and the local taxes maintained at their present level, this would reduce the impact of the local property tax.

Replacing the local property tax with another local tax would appear to do little insofar as equalizing available revenue is concerned. State revenues need to be significantly increased if a reduction in the impact of local assessed valuation is attained.

It can be concluded that the result of this study agrees with the major conclusions of the National Educational Finance Project in the importance of reducing the role of the local property tax because the maximum suggested was $1.70 per $100 of equalized assessed valuation with the exception of the complete local support model. With the exception of Model 1, the complete local support model, the State of Illinois would have to increase the amount allocated to schools a minimum of $39,742,301.74, or more than 284 percent.

Another valid comparison is the percentage of state participation of the total state and local funds. In its fiscal year 1974-1975, the state of Illinois' percentage was 51.9 percent. In Models 2, 3 and 4, the state's participation percentage is 73.9 percent.

If one concluded that such an increase might be unreasonable or impossible, either financially or politically, yet attain some of the objectives that the NEFP models have, a modified NEFP model could be developed. For instance, Illinois' present method of financing public education includes a $200 flat grant. If one used this figure

combined with an equalization model similar to Model 3, the result may be more appealing both economically and politically. A required local effort would need to be established, and perhaps a local leeway levy would be appropriate so that any given school district could provide additional funds beyond the minimum foundation level.

To illustrate a modified model, it is necessary to arbitrarily establish parameters. A foundation level of $1,200.00, a required local effort of $2.00 per $100 of equalized assessed valuation, a flat grant of $200, and a local leeway of $1.00 per $100 of equalized valuation are appropriate to illustrate this modified model. As of this study's data, the previous figures are appropriate, but if this study was empirically completed today, the figures would probably be increased by 25 percent.

The foundation level of $1,200.00 per student in average-daily-attendance would require a total expenditure of state and local revenue of $61,368,564.00. Of this amount, the required local levy of $2.00 per $100 of equalized assessed valuation would produce local revenue of $23,303,363.38. The flat grant of $200 per student in average-daily-attendance would require a state appropriation of $10,228,094.00.

One could include the local leeway revenue of $1.00 per $100 of equalized assessed valuation in determining the amount of state equalization funds as was suggested in NEFP Models 3 and 4. If this were done, it would decrease available revenue in some school districts. For this reason, only the required local effort, the flat grant, and the state equalization revenues are being included in the foundation level.

In addition to the $23,303,363.38 of state funds to fund the $200 per student flat grant in average-daily-attendance, equalization revenue of $27,837,106.62 would be required, making a total state appropriation of $51,140,470.00.

An assumption is required to estimate the local revenue. Some districts will levy the full $1.00 per $100 equalized assessed valuation local leeway, while others may choose not to utilize this additional local tax levy. Therefore, as was done in applying Model 6 to the sample 31 school districts, $.50 per $100 equalized assessed valuation was applied to the total assessed valuation of taxable property within the state of Illinois ($11,651,681.69). Thus, an additional $5,825,840.85 in local funds was derived, making a total of $29,129,204.23.

The state's share ($51,140,470.00) of the total state and local funds ($80,269,674.23) represents a state contribution of 63.7 percent.

RECOMMENDATIONS FOR FURTHER STUDY

A similar study should be attempted with average-daily-attendance weighted to reflect major divisions of grade levels and enrollment in high cost special programs. Special programs might include vocational technical education, career education, and title programs. The NEFP has presented guidelines for weighting student enrollment in its publication, Alternative Programs for Financing Education, Volume 5.

Finally, an aggressive endeavor should be attempted to compare the financing of public education in each state against the six NEFP models and contrast the states against one another. Raw data would be available through the United States Office of Education.

Ninety-five percent of the calculations in the study were done by hand. A computer program should be developed for all calculations throughout the study. Thus, the time to develop raw data would decrease drastically.

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